

Message Text

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ACTION EUR-12

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FM AMEMBASSY BUCHAREST

TO AMEMBASSY VIENNA

SECSTATE WASHDC 1166

C O N F I D E N T I A L BUCHAREST 5709

E.O. 11652: GDS

TAGS: PINT, SOCI, ECON, RO

SUBJ: UPDATE OF OSKAR MAUSCHITZ CASE

REF: (A) BUCHAREST 5332; (B) STATE 250628; (C) VIENNA 10280

1. SUMMARY: THIS MESSAGE UPDATES INFORMATION CONTAINED IN BUCHAREST REFTEL. MAUSCHITZ CONTINUES TO BE RESTRICTED TO BUCHAREST. THE HEAD OF THE ROMANIAN-AUSTRIAN MIXED COMMISSION INTERVENED ON HIS BEHALF ON NOVEMBER 25, BUT THE AUSTRIAN AMBASSADOR HAS NOT YET BEEN ABLE TO SEE THE HEAD OF THE ROMANIAN SIDE. WE HAVE DISCUSSED CASE TWICE WITH MINISTRY OF FOREIGN TRADE, DRAWING ATTENTION TO FACT THAT A WHOLLY OWNED SUBSIDIARY OF A US FIRM IS INVOLVED. THE GOR IS STILL CONTINUING ITS INVESTIGATION, AND HAS NOT YET BROUGHT SPECIFIC CHARGES AGAINST THE AUSTRIAN BUSINESSMAN.

2. ON NOVEMBER 25, MINISTER STEINBACHER, AUSTRIAN HEAD OF THE ROMANIAN-AUSTRIAN MIXED COMMISSION CABLED HIS ROMANIAN COUNTERPART, IOAN AVRAM, MINISTER OF HEAVY INDUSTRY, REQUESTING HIS ASSISTANCE IN REACHING QUICK SOLUTION TO MATTER. AUSTRIAN AMBASSADOR SAUTTER INFORMED ME LAST NIGHT THAT HE EXPECTS TO SEE MINISTER AVRAM TODAY ABOUT THE CASE. AVRAM EARLIER HAD BEEN UNAVAILABLE BECAUSE OF THE PARTY CONGRESS AND PROVINCIAL TRIPS.

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3. ON DEC. 10 DCM BROACHED SUBJECT OF MAUSCHITZ'S DETENTION WITH NICOLAE MAGARAN, AMERICAN DESK OFFICER AT THE MINISTRY OF FOREIGN TRADE, INDICATING OUR CONCERN ABOUT A MATTER INVOLVING A WHOLLY OWNED SUBSIDIARY OF A US FIRM. MAGARAN INDICATED HE WAS AWARE OF THE PROBLEM, BUT WAS UNWILLING AT THAT TIME TO COMMENT ON THE CASE.

4. IN DEC. 11 MEETING WITH DEPUTY MINISTER FOR FOREIGN TRADE CONSTANTIN STANCIU, I RAISED MAUSCHITZ CASE, NOTING HIS EMPLOYER, MAGNESIT, WAS WHOLLY-OWNED SUBSIDIARY OF GENERAL REFACTORIES, INC., AND THAT US FIRM HAD ASKED US TO INQUIRE ABOUT HIS CASE AND NOTING WE HAD BEEN IN VERY CLOSE TOUCH WITH THE AUSTRIAN AMBASSADOR. I ALSO EXPRESSED SOME CONCERN ABOUT THE EFFECT ON FOREIGN BUSINESSMEN IF NORMAL ACTIVITIES CAN LEAD TO THEIR ARREST.

5. STANCIU REPLIED CASE DID NOT FALL UNDER HIS RESPONSIBILITY, BUT COMMENTED AT LENGTH THAT REPRESENTATIVES OF FOREIGN FIRMS MUST FOLLOW ROMANIAN LAWS EVEN IF THEY ARE MORE RESTRICTIVE THAN IN THE WEST. HE SAID TRULY NORMAL ACTIVITIES SHOULD NOT BE THE CAUSE FOR ANY CONCERN. HE REGRETTED THAT CASE MIGHT AFFECT MAGNESIT'S TRADE WITH ROMANIA, BUT SAID THAT IT IS ONLY NATURAL FOR TRADE OFFICIALS TO BE WARY OF A FIRM AFTER SUCH AN INCIDENT EVEN THOUGH THEY REALIZED THE FIRM MAY NOT HAVE AUTHORIZED SUCH ILLEGAL ACTIVITY.

6. WHEN ASKED ABOUT SPECIFIC CHARGES AGAINST MAUSCHITZ, STANCIU DID NOT ELABORATE, BUT INDICATED THAT THEY WOULD BE SUBSTANTIAL AND OF PROLONGED DURATION WHEN REVEALED AFTER THE STATE FINISHED ITS INVESTIGATION. FYI: AUSTRIAN DCM OGRINZ HAD EARLIER INFORMED CONSUL THAT MAUSCHITZ HAD ADMITTED TO GIVING HIS ROMANIAN BUSINESS COUNTERPART A STEREO-TAPE DECK, AND RECEIVED IN RETURN LEATHER GOODS AND TWO PAIRS OF CHILDREN'S PANTS. THE ROMANIANS INDICATED TO OGRINZ AT THE TIME THAT THIS MIGHT CONSTITUTE GROUNDS FOR CRIMINAL PROSECUTION OF THE AUSTRIAN FOR "ATTEMPTING TO BRIBE A ROMANIAN OFFICIAL."

7. MAUSCHITZ REMAINS AT THE ATHENEE PALACE HOTEL IN BUCHAREST WHILE THE INVESTIGATION CONTINUES. HE IS FREE TO
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COME AND GO AT WILL WITHIN BUCHAREST CITY LIMITS. THE AUSTRIAN EMBASSY HAS BEEN KEEPING IN CONSTANT TOUCH WITH HIM, AND HAS BEEN WORKING HARD TO OBTAIN HIS RELEASE. THE GOR, FOR ITS PART, HAS MADE IT CLEAR NO NEW DEVELOPMENTS CAN BE EXPECTED IN THE CASE UNTIL IT FINISHES ITS INVESTIGATION INTO MR. MAUSCHITZ'S ALLEGED CRIMES. IT HAS ASSURED THE AUSTRIANS HERE THAT IT WOULD INFORM THEM OF ITS FINDINGS SHORTLY.

8. FOR AMBASSADOR HUMES: I SHARE WITH YOU DESIRE TO HAVE THIS MATTER RESOLVED AS PROMPTLY AND FAVORABLY AS POSSIBLE IN VIEW US INTERESTS INVOLVED, I THINK, HOWEVER, WE WILL BE IN A BETTER POSITION TO MAKE A CONTRIBUTION TOWARD MAUSCHITZ'S RELEASE ONCE THE INVESTIGATIVE PHASE OF THE CASE HAS BEEN CLEARED UP. THE CHARGES AGAINST HIM ARE STILL NOT CLEAR. I HAVE STAYED IN CLOSE TOUCH WITH AUSTRIAN AMBASSADOR SAUTTER WHO, IN LINE WITH VIENNA'S DESIRE FOR A "QUIET APPROACH" WITH ROMANIA, HAD ASKED THAT WE NOT BECOME ANY MORE DIRECTLY INVOLVED AT THIS STAGE. WE PROPOSE TO ABIDE BY HIS REQUEST, AT LEAST UNTIL WE HAVE MORE INFORMATION ON THE CASE OR AT THAT POINT WHEN IT APPEARS AUSTRIANS ARE NOT PURSUING MATTER WITH SUFFICIENT VIGOR. IF HE CAN INDEED SEE AVRAM SHORTLY, WE MAY KNOW ENOUGH TO DETERMINE HOW BEST TO HELP. IT IS CLEAR IN ANY EVENT THAT ROMANIANS UNDERSTAND THE US INTEREST IN THE CASE.
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